

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name Odessa Township	County Ionia
Audit Date 3/31/06	Opinion Date 6/15/06	Date Accountant Report Submitted to State: 8/14/06	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

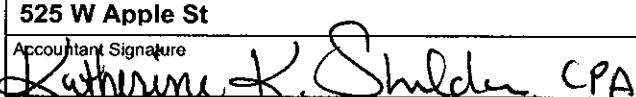
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- | | |
|---|---|
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980). |
| <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No | 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit. |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241). |
| <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No | 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95). |

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) Walker, Fluke & Sheldon, PLC			
Street Address 525 W Apple St		City Hastings	State MI
Accountant Signature 		ZIP 49058	Date 8/14/06

ODESSA TOWNSHIP
FINANCIAL STATEMENTS
For the year ended March 31, 2006

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WALKER, FLUKE & SHELDON, PLC
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INDEPENDENT AUDITORS' REPORT

To the Township Board
Odessa Township
Ionia County, Michigan

We have audited the accompanying basic financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Odessa Township, Michigan, as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Odessa Township, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities, each major fund and the aggregate remaining fund information of Odessa Township, Michigan, as of March 31, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management discussion and analysis and required supplementary information list in the table of contents are not a required part of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Odessa Township's basic financial statements. The additional supplementary information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements of Odessa Township, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the basic financial statements taken as a whole.

Hastings, Michigan
June 15, 2006

Walker, Fluke & Sheldon, PLC

Odessa Township Management Discussion and Analysis

As the Township Board of Odessa Township, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of Odessa Township for the fiscal year ended March 31, 2006. The analysis focuses on significant financial position, budget changes and variances from the budget, and specific issues related to funds and the economic factors affecting the Township. We encourage readers to consider this information in conjunction with the letter of transmittal, which begins on page 1, and the financial statements, which begin on page 7.

Financial Highlights

- The assets of Odessa Township exceeded its liabilities at the close of the most recent fiscal year by \$837,959 (net assets) compared to \$837,469 last year. Of this amount, \$274,411 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$490 compared to a decrease of \$38,576 last year.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$442,311, an increase of \$22,744 compared to an ending fund balance of \$419,567 the previous year, a decrease of \$50,349.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$178,102, or 63.01% of total general fund expenditures. In 2005, the ending fund balance was \$151,623, or 51.89% of total general fund expenditures. This demonstrates the Township's fiscal discipline and places the Township in a strong financial position to meet unexpected emergencies, uncertainties at the State level or the general slowdown of the economy.

Overview of the Financial Statements

Odessa Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the Township's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the Township's financial position is improving or deteriorating.

The statement of activities presents information showing how the Township's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., state shared revenue).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety and highways and streets.

The government-wide financial statements can be found on pages 7-8 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Odessa Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into two categories: government funds and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Odessa Township maintains four individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Fire Fund, Road Fund and the Debt Service Fund, which are considered to be major funds.

The basic governmental fund financial statements can be found on pages 9-12 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Township's own programs.

The fiduciary fund financial statements can be found on pages 13-14 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 15-22 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. The Township adopts an annual budget for its general fund, road fund and debt service fund. Within the required supplementary information, a budget comparison statement has been provided for the general and road funds to demonstrate compliance with the budget.

Required supplementary information can be found on pages 23-26 of this report.

Individual fund statements and schedules are presented immediately following the required supplementary information on budgets on pages 27-31.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Odessa Township, assets exceeded liabilities by \$837,959 at the close of the most recent fiscal year compared to \$837,469 last year.

A portion of the Township's net assets (32.75 percent) reflects its unrestricted net assets (\$274,411), which may be used to meet the government's ongoing obligations to citizens and creditors. An additional portion of the Township's net assets (22.61 percent) reflects restricted net assets (\$189,496), which are resources that are subject to external restrictions on how they may be used. The remaining portion of the Township's net assets (44.64 percent) reflects its investment in capital assets (e.g. land, buildings, equipment and furniture and fixtures) (\$374,052). The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

Odessa Township's Condensed Financial Data

	Governmental Activities 3/31/2006	Governmental Activities 3/31/2005
Current and Other Assets	\$ 506,769	\$ 515,736
Capital Assets	374,052	393,017
Total Assets	<u>880,821</u>	<u>908,753</u>
Short-Term Liabilities	25,862	32,284
Long-Term Liabilities	17,000	39,000
Total Liabilities	<u>42,862</u>	<u>71,284</u>
Net Assets		
Invested in Capital Assets, Net of related debt	374,052	393,017
Restricted	189,496	175,501
Unrestricted	274,411	268,951
Total Net Assets	<u>\$ 837,959</u>	<u>\$ 837,469</u>
Program Revenues		
Charges for Services	\$ 26,427	\$ 27,406
General Revenues		
Property Taxes	210,281	108,185
State Grants	126,441	126,155
Interest and Rents	12,675	12,191
Other Revenue	5,768	47,052
Gain from Trade-Ins and Sale of Capital Assets	-	308
Total Revenues	<u>381,592</u>	<u>321,297</u>
Program Expenses		
Governmental Activities		
Legislative	3,386	2,562
General Government	192,206	188,997
Public Safety	57,411	61,479
Public Works	87,816	83,031
Other	20,693	19,678
Interest and Fiscal Charges	2,687	4,126
Total Expenses	364,199	359,873
Loss from Disposal of Capital Assets	1,437	-
Loss on Equity Interest in Joint Venture	15,466	-
Change in Net Assets	<u>\$ 490</u>	<u>\$ (38,576)</u>

At the end of the current fiscal year, the Township is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental activities.

Governmental activities. Governmental activities increased the Township's net assets by \$490, mainly due to the fact that the township had a new millage for fire truck purchase increasing property tax revenue and due to the fact that the road fund has no property taxes but large expenses for maintenance.

For the most part, expenses were comparable with prior year. Road maintenance was up in current year based on road projects approved. All other increases in expenses were due to normal inflationary increases.

Financial Analysis of the Township's Funds

As noted earlier, the Township used fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Township's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a Township's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$442,311, an increase of \$22,744 from the prior year. Last year, the Township's governmental funds combined ending fund balance was \$419,567, a decrease of \$50,349 in comparison with the prior year.

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$178,102 and the total fund balance was \$252,815. Unreserved fund balance represents 63.01% of the total general fund expenditures.

The fund balance of the Township's general fund increased \$8,749 during the current fiscal year, mainly due to slight increases in revenue and decreases in expenditures, compared to a decrease of \$4,009 in the prior year.

The fund balance of the Township's fire fund increased \$94,237 during the current fiscal year, compared to \$0 in the prior year. This is due to the fact that the fire millage was passed in the current fiscal year.

The fund balance of the Township's road fund decreased \$67,068 during the current fiscal year, due to the road millage not being renewed, compared to a decrease of \$42,006 in the prior year.

The fund balance of the Township's debt service fund decreased \$13,174 during the current fiscal year, due to debt payments exceeding special assessment collections, compared to a decrease of \$4,334 in the prior year.

General, Fire and Road Funds Budgetary Highlights

The fire and road fund budgets did not change between original and the final budget. Significant differences between the original budget and the final amended general fund budget are summarized below:

- \$833 increase to legislative
- \$9,676 increase to general government
- \$3,200 decrease to public safety
- \$1,200 decrease to public works
- \$944 increase to other
- \$5,288 increase to capital outlay

The significant increase to general government was mainly attributable to an \$8,510 increase to the cemetery budget for normal operating expenses. The capital outlay increase was due to additional purchases approved by the board. All other increases were minor and due to general inflationary increases. During the year, however, revenues exceeded budgetary estimates, and expenditures were less than budgetary estimates for the general and road funds.

Capital Assets

The Township's investment in capital assets for its governmental activities as of March 31, 2006, amounts to \$374,052 (net of accumulated depreciation). This investment in capital assets includes: land, buildings, improvements, equipment and furniture and fixtures.

Major capital asset events during the current fiscal year included replacement of the clerk's computer, the purchase of two tractors on the governmental trade-in program, a new well, two new doors and gas tank for the cemetery and sealing of the hall parking lot. Details of the Township's capital assets are continued in the notes to the financial statements on page 20.

Long-Term Debt

At the end of the current fiscal year, the Township had total bonded debt outstanding of \$39,000. The Township debt represents special assessment bonds.

The Township's Outstanding Debt Special Assessment Bonds

	Governmental-Type Activities		Total	
	2006	2005	2006	2005
Primary Government:				
Special Assessment Bonds	\$ 39,000	\$ 62,000	\$ 39,000	\$ 62,000
Total	\$ 39,000	\$ 62,000	\$ 39,000	\$ 62,000

The Township's debt decreased by \$23,000 (37.10%) during the current fiscal year. The net reduction was attributable to making debt service payments as they came due.

Additional information on the Township long-term debt can be found on pages 21 of the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

Budget assumptions: The unemployment rate is still high in the State of Michigan and the State's shortfall in the budget means further reductions in state-shared revenues. State shared revenues are expected to decrease in the 2006-2007 fiscal year. The Township budgeted for a decrease in state-shared revenue. The Township's millage rate will remain the same. The taxable value will increase, thus bringing in more tax revenue. There is a DDA District being formed, which would result in the taxable values of property owners within the district to be capped for 20 years, resulting in less revenue for the township. The township is also planning for the purchase of a rescue truck for the Lake Odessa Fire Department. A two-year millage was passed for the purchase of the fire truck. The township has collected one year of taxes and has ordered the fire truck. The township will use a loan to purchase the truck and will repay the debt after the 2006 tax collection. The township has no other large plans for the next fiscal year due to economic times. These factors were considered in preparing the Township's budget for the 2006-2007 fiscal year.

Requests for Information

This financial report is designed to provide a general overview of Odessa Township's finances for all those with an interest in the Township's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the (Supervisor/Treasurer/Clerk), Odessa Township, 3862 Laurel Rd, PO Box 575, Lake Odessa, MI 48849 616-374-4237.

ODESSA TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF NET ASSETS
March 31, 2006

	Primary Government	
	Governmental	
ASSETS	Activities	Total
Cash and Cash Equivalents	\$ 220,803	\$ 220,803
Investments	3,800	3,800
Receivables (Net)		
Taxes	8,790	8,790
Special Assessments	15,040	15,040
Other	231	231
Due From State	20,060	20,060
Due From Other Funds	2,006	2,006
Restricted Assets	189,496	189,496
Investment in Joint Venture	46,543	46,543
Capital Assets (Net of Accumulated Depreciation)	<u>374,052</u>	<u>374,052</u>
 Total Assets	 <u>880,821</u>	 <u>880,821</u>
 LIABILITIES		
Accounts Payable	2,644	2,644
Other Accrued Liabilities	1,218	1,218
Noncurrent Liabilities		
Due Within One Year	22,000	22,000
Due In More Than One Year	<u>17,000</u>	<u>17,000</u>
 Total Liabilities	 <u>42,862</u>	 <u>42,862</u>
 NET ASSETS		
Net Assets		
Invested in Capital Assets, Net of Related Debt	374,052	374,052
Restricted for Fire	94,237	94,237
Restricted for Roads	73,250	73,250
Restricted for Special Assessments	22,009	22,009
Unrestricted	<u>274,411</u>	<u>274,411</u>
 Total Net Assets	 <u>\$ 837,959</u>	 <u>\$ 837,959</u>

The Notes to Financial Statements are an integral part of this statement.

ODESSA TOWNSHIP
GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
March 31, 2006

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program</u>	<u>Net (Expense) Revenue</u>	
		<u>Revenues</u>	<u>and Changes in Net Assets</u>	
		<u>Charges for</u>	<u>Governmental</u>	<u>Total</u>
		<u>Services</u>	<u>Activities</u>	
Primary Government				
Governmental Activities				
Legislative	\$ 3,386	\$ -	\$ (3,386)	\$ (3,386)
General Government	192,206	26,427	(165,779)	(165,779)
Public Safety	57,411	-	(57,411)	(57,411)
Public Works	87,816	-	(87,816)	(87,816)
Other	20,693	-	(20,693)	(20,693)
Interest and Fiscal Charges	2,687	-	(2,687)	(2,687)
Total Governmental Activities	<u>364,199</u>	<u>26,427</u>	<u>(337,772)</u>	<u>(337,772)</u>
Total Primary Government	<u>\$ 364,199</u>	<u>\$ 26,427</u>	<u>(337,772)</u>	<u>(337,772)</u>
General Revenues				
Taxes and Penalties			210,281	210,281
State Grants			126,441	126,441
Interest and Rentals			12,675	12,675
Other Revenue			<u>5,768</u>	<u>5,768</u>
Total General Revenue			<u>355,165</u>	<u>355,165</u>
Loss from Disposal of Capital Assets			(1,437)	(1,437)
Loss on Equity Interest in Joint Venture			<u>(15,466)</u>	<u>(15,466)</u>
Change in Net Assets			490	490
Net Assets-Beginning			<u>837,469</u>	<u>837,469</u>
Net Assets-Ending			<u>\$ 837,959</u>	<u>\$ 837,959</u>

The Notes to Financial Statements are an integral part of this statement.

ODESSA TOWNSHIP
GOVERNMENTAL FUND BALANCE SHEET
March 31, 2006

		Fire	Road	Debt	Total
	General	Fund	Fund	Service	Governmental
ASSETS				Fund	Funds
Cash and Cash Equivalents	\$ 218,159	\$ 87,780	\$ 75,894	\$ 21,764	\$ 403,597
Investments	3,800	-	-	-	3,800
Receivables					
Taxes	8,790	6,298	-	-	15,088
Special Assessments	-	-	-	15,285	15,285
Other	-	-	-	231	231
Due From State	20,060	-	-	-	20,060
Due From Other Funds	<u>2,006</u>	<u>159</u>	<u>-</u>	<u>-</u>	<u>2,165</u>
Total Assets	<u>\$ 252,815</u>	<u>\$ 94,237</u>	<u>\$ 75,894</u>	<u>\$ 37,280</u>	<u>\$ 460,226</u>
<u>LIABILITIES AND FUND BALANCE</u>					
Liabilities					
Accounts Payable	\$ -	\$ -	\$ 2,644	\$ -	\$ 2,644
Other Accrued Liabilities	-	-	-	1,218	1,218
Deferred Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,053</u>	<u>14,053</u>
Total Liabilities	<u>-</u>	<u>-</u>	<u>2,644</u>	<u>15,271</u>	<u>17,915</u>
Fund Balances					
Unreserved-Undesignated	178,102	94,237	73,250	-	345,589
Reserved	-	-	-	22,009	22,009
Designated	<u>74,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>74,713</u>
Total Fund Balances	<u>252,815</u>	<u>94,237</u>	<u>73,250</u>	<u>22,009</u>	<u>442,311</u>
Total Liabilities and Fund Balance	<u>\$ 252,815</u>	<u>\$ 94,237</u>	<u>\$ 75,894</u>	<u>\$ 37,280</u>	<u>\$ 460,226</u>

The Notes to Financial Statements are an integral part of this statement.

ODESSA TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
March 31, 2006

Governmental Fund Balance - March 31, 2005		\$ 442,311
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	\$ 652,905	
Less: Accumulated depreciation	<u>(278,853)</u>	374,052
Special assessment receivables are expected to be collected over several years and are not available to pay for current year expenditures		
		14,053
Investment in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds		
		46,543
Long-term liabilities are not due and payable in the current period and are not reported in the funds		
		<u>(39,000)</u>
Net Assets of Governmental Activities		<u>\$ 837,959</u>

The Notes to Financial Statements are an integral part of this statement.

ODESSA TOWNSHIP
GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
For the Year Ended March 31, 2006

	<u>General</u>	<u>Fire Fund</u>	<u>Road Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
Revenues					
Taxes and Penalties	\$ 116,080	\$ 94,201	\$ -	\$ -	\$ 210,281
State Grants	126,441	-	-	-	126,441
Charges for Services	26,427	-	-	-	26,427
Interest and Rentals	9,386	36	1,564	1,689	12,675
Other Revenue	<u>5,768</u>	<u>-</u>	<u>-</u>	<u>10,824</u>	<u>16,592</u>
Total Revenues	<u>284,102</u>	<u>94,237</u>	<u>1,564</u>	<u>12,513</u>	<u>392,416</u>
Expenditures					
Legislative	3,386	-	-	-	3,386
General Government	181,019	-	-	-	181,019
Public Safety	36,757	-	-	-	36,757
Public Works	19,184	-	68,632	-	87,816
Other	20,693	-	-	250	20,943
Capital Outlay	21,626	-	-	-	21,626
Debt Service					
Principal	-	-	-	23,000	23,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,437</u>	<u>2,437</u>
Total Expenditures	<u>282,665</u>	<u>-</u>	<u>68,632</u>	<u>25,687</u>	<u>376,984</u>
Excess of Revenues Over (Under) Expenditures	<u>1,437</u>	<u>94,237</u>	<u>(67,068)</u>	<u>(13,174)</u>	<u>15,432</u>
Other Financing Sources (Uses)					
Proceeds from Disposal of Capital Assets	<u>7,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,312</u>
Total Other Financing Sources (Uses)	<u>7,312</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,312</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	8,749	94,237	(67,068)	(13,174)	22,744
Fund Balance-April 1, 2005	<u>244,066</u>	<u>-</u>	<u>140,318</u>	<u>35,183</u>	<u>419,567</u>
Fund Balance-March 31, 2006	<u>\$ 252,815</u>	<u>\$ 94,237</u>	<u>\$ 73,250</u>	<u>\$ 22,009</u>	<u>\$ 442,311</u>

The Notes to Financial Statements are an integral part of this statement.

ODESSA TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES
IN FUND BALANCE OF GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
March 31, 2006

Net Change in Fund Balances - Total Governmental Funds		\$ 22,744
Special assessment revenues are recorded in the statement of activities when the project is substantially complete; they are not reported in the funds if collected by year end or within 60 days of year end		(10,824)
Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces debt)		23,000
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives		
Expenditures for capital assets	\$ 21,626	
Less: Current year depreciation	31,841	
Less: Proceeds from Disposal of Capital Assets	7,312	
Less: Loss from Disposal of Capital Assets	<u>1,437</u>	(18,964)
Investment in Joint Venture in governmental activities is not a financial resource and therefore is not reported in the governmental funds		<u>(15,466)</u>
Change in Net Assets of Governmental Funds		<u>\$ 490</u>

The Notes to Financial Statements are an integral part of this statement.

ODESSA TOWNSHIP
FIDUCIARY FUNDS STATEMENT OF NET ASSETS
March 31, 2006

	Cemetery Trust	Pension Trust	Current Tax Collection
ASSETS			
Cash	\$ 3,325	\$ -	\$ 7,341
Investments-at Fair Value			
Other Investments	9,961	108,908	-
Total Assets	<u>13,286</u>	<u>108,908</u>	<u>7,341</u>
LIABILITIES			
Due to Other Funds	-	-	2,165
Due to Other Units of Government	-	-	5,176
Total Liabilities	<u>-</u>	<u>-</u>	<u>7,341</u>
NET ASSETS			
Net Assets			
Held in Trust for Pension Benefits	-	108,908	-
Held in Trust for Cemetery Care	<u>13,286</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$ 13,286</u>	<u>\$ 108,908</u>	<u>\$ -</u>

The Notes to Financial Statements are an integral part of this statement.

ODESSA TOWNSHIP
FIDUCIARY FUNDS STATEMENT OF CHANGES IN NET ASSETS
March 31, 2006

	<u>Cemetery Trust</u>	<u>Pension Trust</u>
Additions		
Contributions		
Donations	\$ 25	\$ -
Employer	<u>-</u>	<u>7,390</u>
Total Contributions	25	7,390
Investment Income		
Interest and Dividends	<u>507</u>	<u>4,071</u>
Total Additions	<u>532</u>	<u>11,461</u>
Deductions		
Distributions	-	-
Charges	-	1,607
Cemetery Care	<u>710</u>	<u>-</u>
Total Deductions	<u>710</u>	<u>1,607</u>
Change in Net Assets	(178)	9,854
Net Assets-Beginning	<u>13,464</u>	<u>99,054</u>
Net Assets-Ending	<u>\$ 13,286</u>	<u>\$ 108,908</u>

The Notes to Financial Statements are an integral part of this statement.

**ODESSA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2006**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Odessa Township conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by Odessa Township:

In June 1999, the GASB issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. Certain significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the Township's overall financial position and results of operations
- Financial statements prepared using full accrual accounting for all of the Township's activities

These and other changes are reflected in the accompanying financial statements (including notes to the financial statements).

REPORTING ENTITY

Odessa Township is located in Ionia County, Michigan. The Township operates under an elected board of five members and provides services to residents in many areas including roads, fire protection and general government services. Education services are provided to citizens through several local school districts, which are separate governmental entities.

JOINT VENTURES

Fire Department

The Township, together with the Village of Lake Odessa has established a joint fire department under the provisions of Public Act 33 of 1951 and Public Act 7 of 1967. The department is known as the Lake Odessa Fire Department. The Lake Odessa Fire Department operates under an appointed board of five members. Lake Odessa Fire Department receives 55% of its operating budget from Odessa Township and the remaining 45% from the Village of Lake Odessa. All pre-existing property used by the Fire Department that is titled in the name of Odessa Township or Village of Lake Odessa will remain the property of such entity.

Odessa Township's share of the cost of fire protection for the year ended March 31, 2006 totaled \$36,757.

The following information summarizes the activity of the joint venture through March 31, 2006, the most recent audited financial statements available.

Total Assets	\$ 93,806	Total Revenues	\$ 67,586
Total Liabilities	\$ -	Total Expenditures	\$ 87,243
Total Net Assets	\$ 93,806	Increase (Decrease) in Net Assets	\$ (19,657)
Total Joint Venture Outstanding Debt	\$ -		

Complete financial statements for Lake Odessa Fire Department can be obtained from:

Lisa Williams
3862 Laurel Rd
Lake Odessa, MI 48849

**ODESSA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2006**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include: (1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

State grants, licenses and permits, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual; therefore, they have been recognized as revenue in the current fiscal period. All other revenues are considered to be measurable only when the Township receives cash.

Taxes Receivable - The Township property tax is levied on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28th. After that date, they are added to the county delinquent tax rolls.

Although the Township ad valorem tax is levied and collectible on February 1st, it is the Township's policy to recognize revenue from the current tax levy in the current year when the proceeds of this levy are budgeted and made "available" for the financing of operations. "Available" means collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period (60 days).

The 2005 State taxable valuation of the Township totaled \$94,581,278 on which ad valorem taxes levied consisted of .9049 mills for Township operating purposes and 1.0000 mills for the Township's fire truck, raising \$85,587 for operating purposes and \$94,581 for the fire truck.

ODESSA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2006

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION
(Continued)

The Township reports the following major governmental funds:

- The General Fund is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. Revenues are primarily derived from property taxes and state shared revenue.
- The Fire Fund accounts for the Township's purchase of a new fire truck. Revenues are primarily derived from property taxes.
- The Road Fund accounts for the maintenance of the Township's roads. Revenues are primarily derived from property taxes.
- The Debt Service Fund accounts for the Township's paving and sewer projects in the Tupper Lake and Willowbrook areas. Revenues are primarily derived from special assessments levied on the residents of the special assessment districts.

Additionally, the government reports the following fiduciary fund types:

- The Pension Trust Fund accounts for the activities of the retirement system, which accumulates resources for pension benefit payments to qualified employees.
- The Cemetery Trust Fund accounts for the perpetual care of certain cemetery lots.
- The Trust and Agency Fund accounts for the assets held by the Township in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The tax collection fund is the Township's only Trust and Agency Fund.

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

Bank Deposits and Investments - Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

Receivables and Payables - In general, outstanding balances between funds are reported as "due to/from other funds." Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "advances to/from other funds."

All trade and property tax receivables are shown as net of allowance for uncollectible amounts. Property taxes are levied on each December 1st based on the taxable valuation of property located in the Township as of the preceding December 31st. These taxes are due on February 28th. After that date, they are added to the county's delinquent tax rolls.

The delinquent real property taxes of the Township are purchased by Ionia County. The County sells tax notes and the proceeds are used to pay the Township for these property taxes. The Township receives its settlement of delinquent property taxes from Ionia County within the sixty-day period and therefore recognizes the revenue as current year property tax revenue.

Restricted Assets - The Township has restricted assets for roads, fire and debt service. By restricting a portion of the net assets for a specific purpose, the Township has limited the use of the funds for that specific purpose only. The Township Board cannot change the amounts restricted and cannot spend the restricted funds for any other purpose than roads and special assessments.

Capital Assets - Capital assets, which include property, plant, and equipment, are reported in the applicable governmental activities column in the government-wide financial statements. The government defines capital assets as assets with an initial individual cost of more than \$500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

**ODESSA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2006**

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (Continued)

Capital Assets (Continued)

Property, plant and equipment is depreciated using the straight-line method over the following useful lives:

<u>General Assets</u>	
Buildings	40 years
Land Improvements	15 years
Furniture	10 years
Equipment	7 years
Data Processing Equipment	5 years

Long-Term Obligations - In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

Fund Equity - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

Designated Fund Balances - The Township has designated fund balances for cemetery improvements, capital projects and equipment. By designating a portion of fund balance for a specific purpose, the Township Board has established a policy that the amounts designated are to be used for a specific purpose. The Township Board can change the amounts so designated if they desire.

STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information - Budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds. This basis is consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets were adopted for all required governmental fund types, except for the fire fund, which is a new fund in the current year. The Township Boards prepares the annual budgets prior to March 31. A Public Hearing is conducted to obtain taxpayers' comments. The budget documents present information by fund, function, department and line items. The legal level of budgetary control adopted by the governing body is the department level.

EXCESS OF EXPENDITURES OVER APPROPRIATIONS IN BUDGETED FUNDS

P.A. 621 of 1978, section 18(1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

During the year ended March 31, 2006, the Township incurred expenditures in certain budgeted funds, which were in excess of the amounts appropriated, as follows:

<u>FUND</u>	<u>BUDGET APPROPRIATION</u>	<u>ACTUAL EXPENDITURE</u>	<u>BUDGET VARIANCE</u>
General			
General Government:			
Clerk	\$ 21,475	\$ 21,601	\$ 126

ODESSA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2006

ENCUMBRANCE ACCOUNTING

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditures of monies are recorded in order to reserve that portion of the applicable appropriation, is not employed by Odessa Township

DEPOSITS AND INVESTMENTS

Michigan Compiled Laws Section 129.91, authorizes the Township to make deposits and invest in the accounts of federally insured banks, credit unions and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township has designated three banks, one savings bank and an investment company for the deposit of Odessa Township funds.

The Township retirement system's investments are held in trust by the investment fiduciary, John Hancock Life Insurance Company. Michigan Compiled Laws, Section 38.1132, authorizes the Township retirement system to invest in a wide variety of investments including stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types depending on the size of the system.

The Township's deposits and investments are in accordance with statutory authority.

At year-end, the Township's deposits and investments were reported in the basic financial statements in the following categories:

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>FIDUCIARY FUNDS</u>	<u>TOTAL PRIMARY GOVERNMENT</u>
Cash and Cash Equivalents	\$ 224,603	\$ 20,627	\$ 245,230
Investments	-	108,908	108,908
Restricted Assets	<u>182,794</u>	<u>-</u>	<u>182,794</u>
Total	<u>\$ 407,397</u>	<u>\$ 129,535</u>	<u>\$ 536,932</u>

The breakdown between deposits and investments is:

	<u>TOTAL PRIMARY GOVERNMENT</u>
Cash and Cash Equivalents	\$ 427,974
(Checking and Savings Accounts, Certificates of Deposit)	
Investment in Securities	108,908
(Mutual Funds and Similar Vehicles)	
Petty Cash and Cash on Hand	<u>50</u>
Total	<u>\$ 536,932</u>

At March 31, 2006, the Township had deposits with a carrying amount of \$427,974 and a bank balance of \$464,344. Of the bank balance, \$221,764 is covered by federal depository insurance, \$242,580 is uninsured and \$0 is collateralized.

ODESSA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2006

CAPITAL ASSETS

Capital asset activity of the primary government for the current year was as follows:

	<u>BEGINNING BALANCE</u>	<u>INCREASES</u>	<u>DECREASES</u>	<u>ENDING BALANCE</u>
Governmental Activities				
Capital Assets not Being Depreciated				
Land	\$ 19,097	\$ -	\$ -	\$ 19,097
Subtotal	19,097	-	-	19,097
Capital Assets Being Depreciated				
Buildings	212,073	1,060	-	213,133
Improvements	27,696	7,292	-	34,988
Furniture	12,133	-	-	12,133
Equipment	360,171	12,311	14,775	357,707
Data Processing Equipment	16,521	963	1,637	15,847
Subtotal	628,594	21,626	16,412	633,808
Less Accumulated Depreciation for				
Buildings	34,813	4,463	-	39,276
Improvements	4,945	1,869	-	6,814
Furniture	7,268	1,092	-	8,360
Equipment	196,330	22,070	6,106	212,294
Data Processing Equipment	11,317	2,347	1,555	12,109
Subtotal	254,673	31,841	7,661	278,853
Net Capital Assets Being Depreciated	373,921	(10,215)	8,751	354,955
Governmental Activities Total				
Capital Assets-Net of Depreciation	<u>\$ 393,018</u>	<u>\$ (10,215)</u>	<u>\$ 8,751</u>	<u>\$ 374,052</u>

Depreciation expense was charged to programs of the Township as follows:

Governmental Activities	
General Government	\$ 11,187
Public Safety	<u>20,654</u>
Total Government Activities	<u>\$ 31,841</u>

**ODESSA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2006**

LONG-TERM DEBT

The government issues bonds to provide for special assessments. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the government is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

The following is a summary of the debt outstanding for Odessa Township as of March 31, 2006:

	<u>Interest Rate</u>	<u>Principal Matures</u>	<u>Beginning Balance</u>	<u>Addition (Reductions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities						
Special Assesment Bonds						
Tupper Lake	5.70-6.10%	2008	\$ 27,000	\$ (8,000)	\$ 19,000	\$ 7,000
Willowbrook	6.00-6.50%	2007	35,000	(15,000)	20,000	15,000
Total Governmental Activities			<u>\$ 62,000</u>	<u>\$ (23,000)</u>	<u>\$ 39,000</u>	<u>\$ 22,000</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year End March 31</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2007	\$ 22,000	\$ 1,743
2008	13,000	646
2009	4,000	122
2010	-	-
2011	-	-
Total	<u>\$ 39,000</u>	<u>\$ 2,511</u>

INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances is as follows:

<u>FUND</u>	<u>INTERFUND RECEIVABLES</u>	<u>FUND</u>	<u>INTERFUND PAYABLES</u>
General	\$ 2,006	Current Tax	\$ 2,165
Fire	159		
	<u>\$ 2,165</u>		<u>\$ 2,165</u>

RISK MANAGEMENT

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries. The Township manages its risk exposure through a combination of risk management pools and commercial insurance. The Township has insurance provided by an independent insurance company for worker's compensation. Following is a summary of the risk management pool participation.

**ODESSA TOWNSHIP
NOTES TO FINANCIAL STATEMENTS
For the Year Ended March 31, 2006**

RISK MANAGEMENT (Continued)

The Township participates in the Michigan Township Participating Plan (Par Plan) for property, general liability, and employee bond coverage. The Par Plan was established in April 1985, pursuant to laws of the State of Michigan, which authorizes local units of government to jointly exercise any power, privilege or authority which each might exercise separately. The purpose of the plan is to jointly exercise powers common to each participating member to establish and administer a risk management program; to prevent or lessen the incidence and severity of casualty losses occurring in the operation of its members; and to defend and protect any member of the authority against liability or loss.

The Par Plan, while it operates under the Michigan Legislation of Public Act 138, does not operate as a risk pool due to a total transfer of risk to reinsurance companies backing the Par Plan. Due to this reinsurance purchase, there is no pooling of risk between members. The plan has protected itself in the event a reinsurance becomes uncollectible by purchasing a reinsurance treaty for uncollectible reinsurance.

The Par Plan chose to adopt the forms and endorsements of conventional insurance protection and to reinsure these coverages 100%, rather than utilize a risk pool of member funds to pay individual and collective losses up to a given retention, and then have reinsurance above that retention amount.

The individual members are responsible for their self-retention amounts (deductibles), which vary from member to member.

At March 31, 2006, there were no claims, which exceeded insurance coverage. The Township had no significant reduction in insurance coverage from previous years.

DEFINED CONTRIBUTION PLAN

The Township contributes to a defined contribution pension plan for its eligible employees. John Hancock Life Insurance Company holds the participants' accounts in individual "guaranteed accounts".

A defined contribution pension plan provides pension benefits in return for services rendered, provides an individual account for each participant, and specifies how contributions to the individual's account are to be determined instead of specifying the amount of benefits the individual is to receive. Under a defined contribution pension plan, the benefits a participant will receive depend solely on the amount contributed to the participant's account, the returns earned on investments of those contributions, and forfeiture of other participants' benefits that may be allocated to such participant's account. The pension plan is available to all members of the township board and cemetery employees who have attained the age of 18. Contributions by the Township vest upon twelve months of completion. The Township contributes 10% of the participants' gross earnings. Voluntary employee contributions are not allowed.

During the year, the Township's required and actual contributions amounted to \$7,390, which was 9.84% of its current-year covered payroll of \$75,111. The total fiscal year payroll was \$86,428. No pension provision changes occurred during the year that affected the required contributions to be made by the Township or its employees.

COMMITMENTS

In the year ended March 31, 2006, Odessa Township entered into an agreement with KME Fire Apparatus to purchase a new fire truck for \$185,124. A two-year millage was passed to pay for this fire truck. This truck will be owned by the Township and operated under the Lake Odessa Fire Department.

PENDING LITIGATION

The Township has been named in a wrongful termination lawsuit with a past employee. It is the opinion of board that this lawsuit is without merit. As of March 31, 2006, the case is currently pending and no amount has been accrued in these financial statements since the outcome of this matter is uncertain, and since the resulting liability, if any, cannot be determined.

ODESSA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
For the Year Ended March 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 244,066	\$ 244,066	\$ 244,066	\$ -
Resources (Inflows)				
Taxes and Penalties	102,850	112,850	116,080	3,230
State Grants	125,300	125,300	126,441	1,141
Charges for Services	24,200	24,200	26,427	2,227
Interest and Rentals	6,230	6,230	9,386	3,156
Other Revenue	<u>8,900</u>	<u>6,491</u>	<u>5,768</u>	<u>(723)</u>
Total Resources	<u>267,480</u>	<u>275,071</u>	<u>284,102</u>	<u>9,031</u>
Charges to Appropriations (Outflows)				
Legislative	2,555	3,388	3,386	2
General Government				
Supervisor	16,429	16,479	16,469	10
Elections	2,850	3,244	3,380	(136)
Assessor	20,225	20,635	20,634	1
Attorney	5,000	4,242	3,830	412
Clerk	20,675	20,675	20,638	37
Audit	5,000	6,100	6,100	-
Board of Review	920	920	625	295
Treasurer	25,000	25,000	24,908	92
Township Hall	15,725	15,695	14,739	956
Cemetery	62,775	71,285	69,696	1,589
Public Safety				
Fire Department	40,000	36,800	36,757	43
Public Works				
Drains	17,000	15,800	15,788	12
Highways	8,000	8,000	3,396	4,604
Other				
Insurance, Bonds, Dues and Fringes	20,550	21,494	20,693	801
Capital Outlay	<u>18,200</u>	<u>23,488</u>	<u>21,626</u>	<u>1,862</u>
Total Charges to Appropriations	<u>280,904</u>	<u>293,245</u>	<u>282,665</u>	<u>10,580</u>
Excess of Resources Over (Under) Appropriations	<u>(13,424)</u>	<u>(18,174)</u>	<u>1,437</u>	<u>19,611</u>
Other Financing Sources (Uses)				
Proceeds From Sale of				
Capital Assets	7,100	7,100	7,312	212
Operating Transfers In	<u>8,800</u>	<u>8,800</u>	<u>-</u>	<u>(8,800)</u>
Total Other Financing Sources (Uses)	<u>15,900</u>	<u>15,900</u>	<u>7,312</u>	<u>(8,588)</u>

ODESSA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND (Continued)
For the Year Ended March 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Excess of Resources and Other Sources Over (Under) Appropriations and Other Uses	<u>2,476</u>	<u>(2,274)</u>	<u>8,749</u>	<u>11,023</u>
Budgetary Fund Balance - March 31, 2006	<u>\$ 246,542</u>	<u>\$ 241,792</u>	<u>\$ 252,815</u>	<u>\$ 11,023</u>

ODESSA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - FIRE FUND
For the Year Ended March 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ -	\$ -	\$ -	\$ -
Resources (Inflows)				
Taxes and Penalties	-	-	94,201	94,201
Interest and Rentals	-	-	36	36
Total Resources	-	-	94,237	94,237
Charges to Appropriations (Outflows)	-	-	-	-
Total Charges to Appropriations	-	-	-	-
Excess of Resources Over (Under) Appropriations	-	-	94,237	94,237
Budgetary Fund Balance - March 31, 2006	\$ -	\$ -	\$ 94,237	\$ 94,237

ODESSA TOWNSHIP
BUDGETARY COMPARISON SCHEDULE - ROAD FUND
For the Year Ended March 31, 2006

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Beginning of Year Fund Balance	\$ 140,318	\$ 140,318	\$ 140,318	\$ -
Resources (Inflows)				
Taxes and Penalties	-	-	-	-
Interest and Rentals	<u>1,000</u>	<u>1,000</u>	<u>1,564</u>	<u>564</u>
Total Resources	<u>1,000</u>	<u>1,000</u>	<u>1,564</u>	<u>564</u>
Charges to Appropriations (Outflows)				
Public Works				
Repairs and Maintenance	<u>78,000</u>	<u>78,000</u>	<u>68,632</u>	<u>9,368</u>
Total Charges to Appropriations	<u>78,000</u>	<u>78,000</u>	<u>68,632</u>	<u>9,368</u>
Excess of Resources Over (Under) Appropriations	<u>(77,000)</u>	<u>(77,000)</u>	<u>(67,068)</u>	<u>9,932</u>
Budgetary Fund Balance - March 31, 2006	<u>\$ 63,318</u>	<u>\$ 63,318</u>	<u>\$ 73,250</u>	<u>\$ 9,932</u>

ODESSA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended March 31, 2006

<u>REVENUES</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Taxes and Penalties:				
Current Property Taxes			\$ 79,272	
Delinquent Property Taxes			6,165	
Collection Fees			28,879	
Penalties and Interest on Taxes			1,764	
Total Taxes and Penalties	\$ 102,850	\$ 112,850	<u>116,080</u>	\$ 3,230
State Grants:				
State Revenue Sharing:				
Sales Tax			121,013	
Other			5,428	
Total State Grants	125,300	125,300	<u>126,441</u>	1,141
Charges for Services:				
Franchise Fees			2,182	
Grave Foundations			6,130	
Grave Openings			10,615	
Sale of Cemetery Lots			7,500	
Total Charges for Services	24,200	24,200	<u>26,427</u>	2,227
Interest and Rentals:				
Interest			5,736	
Rentals			3,650	
Total Interest and Rentals	6,230	6,230	<u>9,386</u>	3,156
Other Revenue:				
Land Split Applications			1,200	
Metro			3,396	
Miscellaneous			1,172	
Total Other Revenue	<u>8,900</u>	<u>6,491</u>	<u>5,768</u>	<u>(723)</u>
Total Revenues	<u>267,480</u>	<u>275,071</u>	<u>284,102</u>	<u>9,031</u>

ODESSA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended March 31, 2006

<u>EXPENDITURES</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
Legislative:				
Township Board:				
Salaries			3,145	
Social Security			241	
Total Legislative	<u>2,555</u>	<u>3,388</u>	<u>3,386</u>	<u>2</u>
General Government:				
Supervisor:				
Salary			8,652	
Other Wages			5,064	
Social Security			1,049	
Supplies			47	
Computer Support			967	
Printing and Publishing			195	
Transportation			360	
Miscellaneous			135	
Total Supervisor	16,429	16,479	<u>16,469</u>	10
Elections:				
Wages			1,320	
Social Security			13	
Supplies			1,020	
Computer Support			389	
Printing and Publishing			95	
Transportation			75	
Repairs and Maintenance			10	
Miscellaneous			458	
Capital Outlay			2,036	
Total Elections	2,850	5,417	<u>5,416</u>	1
Assessor:				
Contracted Services			20,634	
Total Assessor	20,225	20,635	<u>20,634</u>	1
Attorney:				
Contracted Services			3,830	
Total Attorney	5,000	4,242	<u>3,830</u>	412

ODESSA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended March 31, 2006

EXPENDITURES (Continued)	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
General Government (Continued)				
Clerk:				
Salary			15,500	
Social Security			1,186	
Supplies			1,212	
Computer Support			1,931	
Printing and Publishing			695	
Transportation			23	
Repairs and Maintenance			35	
Miscellaneous			56	
Capital Outlay			963	
Total Clerk	20,675	21,475	21,601	(126)
Audit:				
Contracted Services			6,100	
Total Audit	5,000	6,100	6,100	-
Board of Review:				
Per Diem and Fees			610	
Social Security			15	
Total Board of Review	920	920	625	295
Treasurer:				
Salary			17,000	
Other Wages			844	
Social Security			1,359	
Supplies			4,399	
Computer Support			1,033	
Repairs and Maintenance			170	
Miscellaneous			103	
Total Treasurer	25,000	25,000	24,908	92
Township Hall:				
Salaries			2,533	
Social Security			200	
Supplies			1,121	
Contracted Services			3,308	
Telephone			1,591	
Utilities			5,098	
Repairs and Maintenance			827	
Miscellaneous			61	
Capital Outlay			5,114	
Total Township Hall	22,725	22,695	19,853	2,842

ODESSA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended March 31, 2006

<u>EXPENDITURES (Continued)</u>	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE WITH AMENDED BUDGET</u>
General Government (Continued):				
Cemetery:				
Salaries			25,750	
Other Salaries			6,431	
Social Security			2,462	
Fringes			17,849	
Supplies			7,058	
Computer Support			449	
Printing and Publishing			80	
Contracted Services			3,180	
Telephone			508	
Insurance and Bonds			797	
Fuel and Gas			1,437	
Utilities			355	
Repairs and Maintenance			3,304	
Miscellaneous			36	
Capital Outlay			13,513	
Total Cemetery	<u>73,975</u>	<u>84,800</u>	<u>83,209</u>	<u>1,591</u>
Total General Government	<u>192,799</u>	<u>207,763</u>	<u>202,645</u>	<u>5,118</u>
Public Safety:				
Fire Department:				
Contracted Services			36,757	
Total Fire Department	<u>40,000</u>	<u>36,800</u>	<u>36,757</u>	<u>43</u>
Total Public Safety	<u>40,000</u>	<u>36,800</u>	<u>36,757</u>	<u>43</u>
Public Works:				
Drains:				
Contracted Services			15,788	
Total Drains	<u>17,000</u>	<u>15,800</u>	<u>15,788</u>	<u>12</u>
Highways:				
Contracted Services			3,396	
Total Highways	<u>8,000</u>	<u>8,000</u>	<u>3,396</u>	<u>4,604</u>
Total Public Works	<u>25,000</u>	<u>23,800</u>	<u>19,184</u>	<u>4,616</u>

ODESSA TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended March 31, 2006

EXPENDITURES (Continued)	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	VARIANCE WITH AMENDED BUDGET
Other:				
Membership and Dues			1,577	
Retirement			8,159	
Insurance and Bonds			10,957	
Total Other	<u>20,550</u>	<u>21,494</u>	<u>20,693</u>	<u>801</u>
Total Expenditures	<u>280,904</u>	<u>293,245</u>	<u>282,665</u>	<u>10,580</u>
Excess of Revenues Over Expenditures	<u>(13,424)</u>	<u>(18,174)</u>	<u>1,437</u>	<u>19,611</u>
Other Financing Sources (Uses):				
Proceeds From Trade-Ins of				
Capital Assets	7,100	7,100	7,312	212
Operating Transfers In	<u>8,800</u>	<u>8,800</u>	<u>-</u>	<u>(8,800)</u>
Total Other Financing Sources (Uses)	<u>15,900</u>	<u>15,900</u>	<u>7,312</u>	<u>(8,588)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	2,476	(2,274)	8,749	11,023
Fund Balance-April 1, 2005	<u>244,066</u>	<u>244,066</u>	<u>244,066</u>	<u>-</u>
Fund Balance-March 31, 2006	<u>\$ 246,542</u>	<u>\$ 241,792</u>	<u>\$ 252,815</u>	<u>\$ 11,023</u>